

BEFORE THE TENNESSEE STATE BOARD OF EQUALIZATION

IN RE:	John C. Freeman, Jr.)	
	Dist. 5, Map 41, Control Map 41, Parcel 86.00)	Hawkins County
	Residential Property)	
	Tax Year 2006)	

INITIAL DECISION AND ORDER

Statement of the Case

The subject property is presently valued as follows:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$11,300	\$65,300	\$76,600	\$19,150

An appeal has been filed on behalf of the property owner with the State Board of Equalization. The undersigned administrative judge conducted a hearing in this matter on October 31, 2006 in Rogersville, Tennessee. In attendance at the hearing were John Freeman, the appellant, and Hawkins County Property Assessor's representative David Pearson.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Subject property consists of a two acre tract improved with a 2002 model Clayton mobile home, a detached garage and a utility building located at 1660 Carters Valley Road in Surgoinsville, Tennessee.

As will be discussed below, the sole issue before the administrative judge concerns the value of the mobile home which is presently appraised as follows:

Mobile Home	\$45,675
Heat Pump	\$ 4,718
Skirting	<u>\$ 1,765</u>
TOTAL	\$52,158

The taxpayer contended that subject mobile home should be valued at \$45,675. In support of this position, the taxpayer asserted that he is being double taxed. According to Mr. Freeman, he purchased subject home in 2002 for \$49,500 plus tax.¹ The purchase price included both the heat pump and skirting. Thus, Mr. Freeman asserted that the \$45,675 appraisal of the mobile home should already include the value of the heat pump and skirting.

The assessor contended that subject mobile home should remain valued at \$52,158. In support of this position, Mr. Pearson essentially argued that one sale does not establish market value. In this particular case, Mr. Freeman purchased a "demo" and according to

¹ Mr. Freeman was unable to locate the bill of sale, but the administrative judge will presume that his testimony was correct.

Mr. Pearson, was therefore able to purchase his home for less than market value. Mr. Pearson also introduced several property record cards to show that subject home has been appraised consistent with other mobile homes in Hawkins County.

The basis of valuation as stated in Tennessee Code Annotated Section 67-5-601(a) is that "[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values . . ."

After having reviewed all the evidence in the case, the administrative judge finds that the subject mobile home should be valued as contended by the assessor of property.

Since the taxpayer is appealing from the determination of the Hawkins County Board of Equalization, the burden of proof is on the taxpayer. See State Board of Equalization Rule 0600-1-.11(1) and *Big Fork Mining Company v. Tennessee Water Quality Control Board*, 620 S.W.2d 515 (Tenn. App. 1981).

Respectfully, the administrative judge finds that Mr. Freeman has apparently misapprehended both Tennessee law and the appraisal process. The administrative judge finds that the fair market value of subject home on January 1, 2006 constitutes the relevant issue.

The administrative judge finds that one sale does not necessarily establish market value. As observed by the Arkansas Supreme Court in *Tuthill v. Arkansas County Equalization Board*, 797, S. W. 2d 439, 441 (Ark. 1990):

Certainly, the current purchase price is an important criterion of market value, but it alone does not conclusively determine the market value. An unwary purchaser might pay more than market value for a piece of property, or a real bargain hunter might purchase a piece of property solely because he is getting it for less than market value, and one such isolated sale does not establish market value.

The administrative judge finds that Mr. Freeman purchased his home as a "demo" and such sales are typically not good indicators of market value. As noted by Mr. Pearson, like an automobile, the same mobile home will sell for a range of prices depending upon a variety of factors.

The administrative judge finds that the \$45,675 appraisal of the "base" mobile home was not based upon Mr. Freeman's purchase price and does not include the heat pump and skirting. The administrative judge finds that all similar model mobile homes do not necessarily have skirting or the same heating and cooling systems. Accordingly, those components are simply listed and valued separately on the property record card. Mr. Freeman is correct, however, that the sum of those components constitutes the appraisal of the mobile home. In this particular case, Mr. Freeman did not introduce any sales, other

than his original purchase, to establish that his model home does not have a depreciated market value of \$52,152.²

ORDER

It is therefore ORDERED that the following value and assessment be adopted for tax year 2006:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$11,300	\$65,300	\$76,600	\$19,150

It is FURTHER ORDERED that any applicable hearing costs be assessed pursuant to Tenn. Code Ann. § 67-5-1501(d) and State Board of Equalization Rule 0600-1-.17.

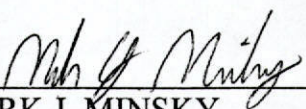
Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **“must be filed within thirty (30) days from the date the initial decision is sent.”** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **“identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order”**; or
2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review; or
3. A party may petition for a stay of effectiveness of this decision and order pursuant to Tenn. Code Ann. § 4-5-316 within seven (7) days of the entry of the order.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

² Ironically, Mr. Freeman was unsure of the exact model of his home.

ENTERED this 8th day of November, 2006.



MARK J. MINSKY
ADMINISTRATIVE JUDGE
TENNESSEE DEPARTMENT OF STATE
ADMINISTRATIVE PROCEDURES DIVISION

c: Mr. John Freeman
Don Cinnamon, Assessor of Property